

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 DOE-15 SOE-02 AGRE-00 /103 W
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R 010100Z APR 78
FM USLO PEKING
TO SECSTATE WASHDC 0291
INFO AMCONSUL HONG KONG

C O N F I D E N T I A L SECTION 1 OF 2 PEKING 0873

E.O. 11652: GDS
TAGS: ETRD EALR CH US
SUBJ: BUSINESS ACTIVITY REPORT: MARCH

REF: PEKING 697

1. SUMMARY. ACTIVITIES BY AMERICAN BUSINESSMEN IN PEKING REMAINED AT A HIGH LEVEL THROUGHOUT THE MONTH. ONE HIGH-LIGHT WAS THE SALE OF A REPORTED 7.5 MILLION DOLLARS WORTH OF MACHINE TOOLS BY GLEASON WORKS. DURING THE MONTH US FIRMS MADE TECHNICAL PRESENTATIONS ON ONSHORE AND OFFSHORE OIL RIGS AND OTHER PETROLEUM EQUIPMENT, PETROCHEMICALS, OFF-HIGHWAY VEHICLES, RAIL TECHNOLOGY AND PACKAGING EQUIPMENT. BY THE END OF THE MONTH, SOME OF THE DISCUSSIONS WERE FAIRLY FAR ALONG BUT APPARENTLY NO LARGE SALES (OTHER THAN THE GLEASON SALE) HAD BEEN CONCLUDED. ON THE BUYING SIDE, CHROMALLOY WAS ABLE TO ARRANGE A THREE-YEAR PURCHASE CONTRACT WITH MINMETALS TO BUY BARITE; THIS IS THE FIRST ARRANGEMENT OF THIS TYPE TO OUR KNOWLEDGE. OTHER US FIRMS WERE ACTIVE IN PEKING PURCHASING TEXTILES AND APPAREL, JEWELRY AND HERBAL MEDICINES AMONG OTHER PRODUCTS. END SUMMARY.

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2. GLEASON WORKS. FIRM REPRESENTATIVES COMPLETED NEGOTIATIONS AT THE BEGINNING OF THE MONTH FOR MACHINERY AND TOOLS WORTH A REPORTED \$7.5 MILLION. SOME OF THE EQUIPMENT WILL BE USED IN A NEW TRACTOR PLANT IN LOYANG.

3. ARMCO STEEL. BOARD CHAIRMAN C. WILLIAM VERITY AND OTHER SENIOR

OFFICIALS WERE IN PEKING DURING MARCH TO DISCUSS LAND-BASED RIGS.
A FIRM REPRESENTATIVE REMAINED IN PEKING AT THE END OF THE MONTH.

4. BETHLEHEM STEEL. REPRESENTATIVES RETURNED TO DISCUSS POSSIBLE
SALE OF AN OFFSHORE RIG. NEGOTIATIONS WERE STILL CONTINUING AT
THE END OF THE MONTH.

5. UNION OIL. FIRM OFFICIAL WILLIAM J. BARAL VISITED PEKING TO
DISCUSS REFINING TECHNOLOGY. ACCORDING TO UNION OIL'S AGENT
(WJS), THE CHINESE HAVE INDICATED AN INTEREST IN FIVE REFINERY
PETROCHEMICALS COMPLEXES.

5. UNIVERSAL OIL PRODUCTS. J.J. RENER, A SENIOR DESIGN
ENGINEER, ARRIVED IN PEKING TO ADVISE THE CHINESE ON DESIGN OF A
PARAXYLENE PLANT USING US TECHNOLOGY. HE EXPECTS TO BE HERE FOR
6-9 MONTHS.

6. FLUOR INTERNATIONAL. FIRM REPRESENTATIVES CONTINUED THEIR
PRESENTATIONS ON GAS RECOVERY DURING THE MONTH. THE FLUOR TEAM ALSO
VISITED TACHING. AMONG OTHER TECHNOLOGIES, CHINESE EXPRESSED
AN INTEREST IN FERTILIZER PRODUCTION FROM COAL.

7. DOW CHEMICAL. A LARGE TEAM, INCLUDING DOW'S EXPERIENCED CHINA
TRADER CLIFF SHRUM, ARRIVED IN PEKING TO DISCUSS POSSIBLE SALES
OF A WIDE RANGE OF THE COMPANY'S PRODUCTS. THIS FIRM
NORMALLY SELLS FINISHED CHEMICALS, NOT TECHNOLOGY.
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8. TEREX. A TEAM SPENT TWO WEEKS IN PEKING GIVING
SEMINARS AND TECHNICAL PRESENTATIONS UNDER MACHIMPEX AND
TECHVIMPORT AUSPICES ON LARGE OFF-ROAD VEHICLES. REPS FROM GENERAL
MOTORS, DETROIT DIESEL, AND ALLISON TRANSMISSION WERE INCLUDED
IN THE TEAM. CHINESE INDICATED AN INTEREST IN PURCHASING VEHICLES
FOR COAL MINING, DAM CONSTRUCTION (IN CNORTHWEST CHINA), IRON
AND NON-FERROUS METALS MINING APPLICATIONS.

9. WABCO. A TEAM CONSISTING OF TWO VICE PRESIDENTS AND FOUR
OTHERS DISCUSSED A WIDE RANGE OF RAIL TECHNOLOGY(AIR BRAKES,
SIGNALLING EQUIPMENT, CENTRALIZED TRAFFIC CONTROL) WITH THE
CHINESE. WABCO OFFICIALS HAD AN OPPORTUNITY TO VISIT DALIEN AND
OBSERVE PRC RAIL OPERATIONS.

10. HYDRIL. FIRM REPS ARRIVED IN LATE MARCH TO DISCUSS POSSIBLE
SALES OF HIGH PRESSURE BLOWOUT PREVENTERS AND RELATED MANUFACTURING
TECHNOLOGY.

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TO SECSTATE WASHDC 0292

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C O N F I D E N T I A L SECTION 2 OF 2 PEKING 0873

11. DEERE & CO. HANS BECHERER, PARTICIPATING IN THE CONGRESSMAN FINDLEY DELEGATION (SEE PARA 21 BELOW) HAD DISCUSSIONS CONCERNING DELIVERY OF AGRICULTURAL EQUIPMENT SOLD BY THIS FIRM. DELIVERIES WILL START SOON AND DEERE EXPECTS TO HAVE FIRM REPS IN NORTHEAST CHINA THROUGHTOUT THE SUMMER.

12. MEAD CORP. BOARD CHAIRMAN J W MCSWINEY AND TWO OTHERS, INCLUDING THE PRESIDENT OF MEAD PACKAGING, WERE HOSTED BY THE CHINA NATIONAL PACKAGING CORPORATION.

13. OTHER SELLERS. A REP FROM BAKER TRADING (SPECIALIST IN SALES OF OILFIELD EQUIPMENT) WAS IN PEKING THROUGHTOUT THE MONTH. OTHER US FIRMS VISITING INCLUDED: COLLINS RADIO, DRESSER INDUSTRIES (PETROLEUM MINERALS GROUP), AND MACNALLY (MINING TECHNOLOGY).

BUYERS

14. CHROMALLY. VICE PRESIDENT RODNEY C. VICKERS AND WILLIAM DONNETT SUCCESSFULLY NEGOTIATED WITH MINMETALS A THREE-YEAR SUPPLY CONTRACT FOR VARIOUS GRADES OF BARITE (BARIUM SULPHATE). TO OUR KNOWLEDGE THIS IS THE FIRST LONG-TERM SUPPLY CONTRACT THAT AN AMERICAN FIRM HAS BEEN ABLE TO NEGOTIATE WITH THIS TRADING CORP.

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15. NOBLE IMPORTS. THREE FIRM REPS PURCHASED APPROX. \$400,000 WORTH OF ANTIQUE AND CONTEMPORARY JEWELRY IN PEKING. THEY ALSO PLANNED VISIT NANKING, SHANGHAI AND CANTON FOR POSSIBLE ADDITIONAL

PURHCASES.

16. DON ALTMAN. ALTMAN PURCHASED ABOUT \$300,000 WORTH OF CARPETS, ARTS AND CRAFTS ITEMS AND TEXTILES (PARTICULARLY COTTON PIECE GOODS).

17. HAROLD TISH. TISH BOUGHT \$500,000 WORTH OF WORK CLOTHES AND WAS PLANNING FURTHER GARMENT PURCHASES.

18. DRAGON LADY TRADERS. VERONICA YHAP WAS IN PEKING MOST OF THE MONTH AMKING TEXTILE AND AGRMENT PURCHASES FOR HER FIRM.

19. FMALI HERB COMPANY. BEN ZARICOR VISITED PEKING AND THE HARBIN AREA TO BUY AND SELL GINSENG, HERBAL MEDICINES AND SPICES.

OTHER

20. ILLINOIS AGRICULTURAL MISSION. CONGRESSMAN PAUL FINDLEY HEADED A DELEGATION CONSISTING PRIMARILY OF AGRICULTURISTS FROM THE STATE OF ILLINOIS;5 \$3)3&-58ON MEMBERS REPRESENTING THE PIONEER HYBRID INTERNATIONAL AND DEKALB FIRMS HAD AN OPPORTUNITY TO DISCUSS POSSIBILITIES OF SALES OF SEED WITH NATIVE PRODUCE AND CEROILFOOD. OTHER DETAILS ON THIS DELEGATION WERE REPORTED IN PEKING 788 AND PEKING 829.

21. CALIFORNIA COUNCIL FOR INTERNATIONAL TRADE. PRESIDENT JERRY LEVINE WAS HOSTED BY THE CCPIT AND WAS ABLE TO ARRANGE FOR THE CCPIT TO EXTEND AN INVITATION TO THE CALIFORNIA COUNCIL FOR INTERNATIONAL TRADE TO VISIT CHINA LATER THIS YEAR. LEVINE ALSO REPRESENTED THE AMERICAN ELECTRONICS ASSOCIATION (FORMERLY CONFIDENTIAL

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WESTERN ELECTRONICS MANUFACTURERS ASSOCIATION - WEMA) AND THE PRC'S ELECTRONICS SOCIETY EXPRESSED AN INTEREST IN HOSTING AN AEA DELEGATION VISIT THIS MAY.

22. THIS MESSAGE CONTAINS SENSITIVE COMMERCIAL INFORMATION WHICH SHOULD NOT BE DISCUSSED OUTSIDE THE US GOVERNMENT.
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